

## Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

COME-00 DOTE-00 EB-07 FMC-01 SAL-01 CG-00 DLOS-06

OES-06 NSCE-00 SSO-00 USIE-00 INRE-00 SEC-01 ABF-01

EAE-00 TRSE-00 OMB-01 FEAE-00 ERDA-05 FRB-03 JUSE-00

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O P 191150Z AUG 76

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC IMMEDIATE 1737

INFO AMEMBASSY JAKARTA PRIORITY

AMEMBASSY LONDON PRIORITY

C O N F I D E N T I A L TOKYO 12573

E.O. 11652: GDS

TAGS: ENRG, EFIN, ID, JA, US

SUBJECT: INDONESIA-JAPAN LNG TRANSPORTATION

SUMMARY. PRESS HEADLINE TERMS LNG IMPORTATION POSSIBLE SECOND LOCKHEED SCANDAL, BUT NEGOTIATIONS SHOW PROGRESS. END SUMMARY.

1. EVENING EDITION OF YOMIURI SHIMBUN CARRIED FRONT PAGE HEADLINE ASKING IF INDONESIAN LNG IMPORTATION WOULD BECOME SECOND LOCKHEED INCIDENT. HEADLINE ADDED THAT SEC AND GAO ARE INVESTIGATING FAR EAST OIL TRADING COMPANY AS A "TUNNEL COMPANY" IN FINANCING LNG SHIPS. FILED BY YOMIURI'S NEW YORK CORRESPONDENT, WHO DID NOT CITE HIS SOURCES, ARTICLE REPORTED THAT SEC IS INVESTIGATING BURMA EAST FOR NON-DISCLOSURE OF STOCKHOLDERS WHEN IT ISSUED AMERICAN DEPOSIT RECEIPTS TO FINANCE LNG SHIP CONSTRUCTION. ARTICLE NAMES AS BURMAST STOCKHOLDERS: BURMAH OIL TANKERS (57.5 PERCENT), FAR EAST OIL TRADING COMPANY (5 PERCENT), OVERSEAS NATURAL GAS TRANSPORTATION (10 PERCENT), "EDNA" COMPANY OF HONG KONG (20 PERCENT) AND THE REMAINING

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7.5 PERCENT UNKNOWN.

2. RELATIVELY SHORT TEXT OF ARTICLE SIMPLY LISTED FOLLOWING IN PARALLEL WITHOUT DRAWING LINKAGES OR EXPLAINING THEIR IMPORT: A) IF AS A RESULT OF SEC INVESTIGATIONS, MARAD FINANCING IS WITHDRAWN, JAPAN WOULD HAVE TO SEEK LNG SHIPS ELSEWHERE; B) JAPANESE FINANCIAL LEADERS CONNECTED WITH LNG IMPORTATION HELD UNSUCCESSFUL TALKS WITH MARAD LAST MONTH; C) ASKS WHY JAPAN WOULD USE SHIPS WHOSE COSTS HAVE BEEN INFLATED BY "TUNNEL COMPANIES"; D) MITI MINISTER OMOTO AND THE INDONESIAN GOVERNMENT SUCCESSFULLY NEGOTIATED A DOLS372 MILLION LOAN FOR LNG; E) PERTAMINA OFFICIALS HAVE RECEIVED BRIBES IN CONNECTION WITH LNG IMPORTATION; AND F) THERE IS A CONNECTION WITH JAPANESE POLITICAL AND FINANCIAL CIRCLES.

3. ACCORDING TO BENSON, NEWS OF ABOVE YOMIURI ARTICLE AND OF THURSDAY'S NEW YORK TIMES ARTICLE REACHED NEGOTIATIONS DURING AFTERNOON SESSIONS BUT SEEMED TO HAVE LITTLE AFFECT ON JAPANESE ACTIONS OR ATTITUDES. (WE HAVE OBTAINED VIA TELEPHONE GIST OF NYT STORY, BUT WOULD APPRECIATE TEXT ASAP). BENSON SAID NEGOTIATIONS HAVE BECOME VERY SPECIFIC WITH BOTH SIDES SHOWING FLEXIBILITY. JAPANESE PRESENTED A SUBSTITUTE VESSEL SCHEDULE AND HAVE PROPOSED A \$.358/MBTU RATE. BENSON SAID WIJARSO BELIEVES AGREEMENT CAN BE REACHED IF THE MARAD FINANCING ISSUE CAN BE SETTLED. BENSON SAID THAT WIJARSO TOLD HIM THE JAPANESE WANT "MARAD OUT OF THE PICTURE" IN RETURN FOR "CAVING IN TO USG PRESSURE."

4. COMMENT: WE HAVE NOT YET DISCUSSED ABOVE PRESS STORIES WITH EITHER GENERAL DYNAMICS REPS OR BURMAH TANKERS. WE ASSUME MARAD POSITION STATED IN REFTTEL REMAINS VALID.  
SHOESMITH

NOTE BY OC/T: REFERNCE OMITTED, CORRECTION TO FOLLOW.

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## Message Attributes

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**TAGS:** ENRG, EFIN, ID, JA, US, LOCKHEED  
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